

DOCKET FILE COPY ORIGINAL

ORIGINAL

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

RECEIVED

AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Access Charge Reform) CC Docket No. 96-262

**SPRINT'S OPPOSITION TO AND COMMENTS ON PETITIONS FOR
RECONSIDERATION**

Sprint Corporation presents its views on certain of the issues raised in other parties' petitions for reconsideration of the Commission's First Report and Order (FCC 97-158) released May 16, 1997 in the above-captioned docket.

I. SLC/PICC ISSUES

In ¶324, the Commission determined that retail marketing expenses should be recovered by increasing the SLCs for multi-line business and non-primary residential lines or, to the extent that the SLC ceilings established in the Order failed to permit full recovery of these amounts, through the non-primary residential line and multi-business line PICCs or through the CCLC. USTA argues (at 6-8) that it is inappropriate to recover these expenses solely from multi-line business and non-primary residential lines, and that instead, the SLC cap should be increased so as to permit recovery of these costs equally from all lines, including primary residential and single-line business lines. AT&T takes a somewhat different approach. It argues (at 10) that the SLC ceilings should be raised on multi-line business lines and non-primary residential lines to allow for full recovery of these expenses through those SLCs, rather than allowing such expenses to be recovered

No. of Copies rec'd
List ABCDE

026

through PICCs or CCLCs. AT&T also contends (at 8-9) that similar treatment should be accorded to other retail costs that support end-user services, such as the retail-related portions of direct and indirect customer service expense, corporate operations expenses and uncollectibles. All these expenses, AT&T claims, are avoidable retail costs that should not be recovered from wholesale services such as access.

Sprint agrees with AT&T, in principle, that all such retail-related expenses should be recovered from end users, rather than through carrier access charges, although Sprint notes that the expenses to which AT&T refers are not kept in separate accounts. Thus, Sprint urges the Commission to promptly undertake a rulemaking to establish separate accounts for such retail expenses so that they can be readily assigned to end users. However, USTA's approach to recovery of these costs is preferable to that proposed by AT&T. It is unfair to saddle only certain customers with the retail expenses that properly should be borne by all customers. Accordingly, Sprint agrees with USTA that the SLC cap should be increased for all lines to allow for direct recovery of these expenses from end users.

Noting that the Commission has not yet defined "non-primary residential lines," USTA argues (at 4-5) that the Commission should delay implementing the higher PICC charges applicable to such lines until one year after the term is defined, rather than on January 1, 1998 as the Order requires. Sprint is sympathetic to USTA's concerns. In its own petition for reconsideration (at 2-5), Sprint pointed out a number of implementation issues relating to PICCs, and many of those implementation issues relate particularly to the distinction between primary and non-primary residential lines. It was in part because of the imminence of the January 1, 1998 implementation date for PICCs that Sprint

requested reconsideration on an expedited basis. Sprint would prefer expedited resolution of these issues by the Commission, and implementation of PICCs (including non-primary line residential PICCs) on that date, rather than a deferral of that implementation date as USTA suggests. Such deferral will postpone the increased recovery of fixed costs through fixed charges, and the decreased use of economically inefficient MOU charges for recovery of such costs. Sprint is not persuaded, at present, that if the Commission does act promptly to define "non-primary residential line" and address the implementation issues raised in Sprint's petition for reconsideration, it would be impractical to implement non-primary residential PICCs on January 1, 1998. However, absent prompt action by the Commission, some delay may be required. Thus, while Sprint opposes this aspect of USTA's petition at this time, future circumstances may well warrant a change in Sprint's positions.

II. LOCAL SWITCHING-RELATED ISSUES

Sprint supports the petitions of CompuServe and Ad Hoc Telecommunications Users' Committee et al., which request a three year moratorium (until July 1, 2000), on the establishment of a separate call-set-up charge by the LECs. Both parties have persuasively demonstrated that more time is needed by large communications users to fully evaluate their communications options in areas where LECs may choose to institute such call setup charges, and to implement new network configurations if that is the course they decide to pursue.

AT&T argues (at 12-14) that where a trunk port is used by an IXC for both traditional interexchange traffic and long distance traffic associated with users served by that IXC as a CLEC through the purchase of the unbundled switching element from the

ILEC, the access trunk port charges should be proportionately reduced to reflect the fact that the IXC, in its role as a CLEC, is already paying trunk port costs in the charges it is assessed for the unbundled switching element. Sprint agrees with AT&T in principle, but Sprint is not aware of any practical, easily administered solution to this double-recovery problem. Sprint is willing to work with AT&T, and other carriers that share our common view that this is a problem that needs to be addressed, to attempt to arrive at a practicable solution to it.

III. LOCAL TRANSPORT ISSUES

Both CompTel (at 23-24) and WorldCom (at 8-10) argue that the Commission should continue to use 9000 minutes per month per trunk as the basis for calculating tandem-switched transport rates. Sprint took the same position in its petition (at 8-9), and for the reasons given therein, Sprint supports CompTel and WorldCom on this issue.

Sprint also supports, in part, WorldCom's requested clarification of the waiver of non-recurring reconfiguration charges. Specifically, Sprint fully shares WorldCom's view (at 19-20) that the NRC waiver applies not just when direct end-office trunks are established to an end office for the first time, but also when existing dedicated transport trunks are augmented (e.g., an additional DS1 is added to a previously established direct trunk group) or upgraded (e.g., from DS1s to DS3s) as well. The increase in the cost of utilizing tandem switched transport that will result from the Commission's Order has a broader impact on IXCs than merely deciding whether to use direct trunking to reach an end office for the first time. Instead, the cost increase will also affect each IXC's decision as to how much overflow traffic it wishes to carry via the tandem and will lead carriers to augment existing direct trunk groups so as to make lesser use of the tandem in

peak periods. WorldCom is also absolutely correct in pointing out that such changes do not necessarily result in a one-for-one disconnection of tandem switched trunks. The cross-over point for ordering or augmenting direct trunks is a function of relative costs of different forms of transport, not of pure traffic engineering. Thus, there is no reason to expect IXC's that make greater use of direct trunks in the face of the new rate structure to also make one-for-one reductions in the number of tandem-switched trunks. The stated purpose of the NRC waiver (§176) was "to encourage transport customers to increase the efficiency of their transport networks quickly... ." This purpose can be achieved best by the broader approach to the NRC waiver suggested by WorldCom.

However, Sprint does not support WorldCom's further suggestion (at 20-21) that the NRC waiver should cover reconfiguration charges that would apply if customers decide to shift traffic from ILEC networks to competitive access providers' networks. Sprint believes it is unreasonable to require an ILEC to waive reconfiguration charges when its customer is shifting traffic to the network of a competitor.

IV. OTHER ISSUES

Sprint supports WorldCom's request (at 22-23) that the FCC forbear from enforcing Section 254(g) against IXC's with respect to the recovery of PICCs and any other per-line charges paid by IXC's to LEC's. Since these charges will vary from state-to-state and even from one LEC to the next in a single state, it is unreasonable to expect IXC's that operate on a broader geographic basis to compete fairly with more narrowly based IXC's if they must recover their PICC costs on a nationwide averaged basis. Requiring such averaged rates can only serve to encourage IXC's to withdraw their services from rural areas where local service costs and PICCs are high, and concentrate

on areas where PICCs are low so as not to be placed at a competitive disadvantage vis-a-vis more localized IXCs. Although it is not yet possible to point to concrete disparities to which IXCs will be subjected in particular areas, the problem is clearly a foreseeable one, and the Commission should not wait until competition in higher-cost areas is harmed before allowing IXCs to recover these Commission-imposed costs on a cost-causative basis to their own customers.

Sprint opposes PRTC's request that LECs (or at least non-rural rate of return LECs) should not be required to offset increases in universal service funding with decreases in their interstate access charges. Unless the Commission is prepared to reduce access charges to economic costs at the outset, the continuation of implicit subsidies in access charges for universal service can only be justified if the Commission commits (as it has) to phasing those subsidies out, dollar for dollar, as explicit high cost funding mechanisms are instituted. PRTC's suggestion that both explicit universal service funding and interstate access charges continue, for the indefinite future, to be used to keep local telephone rates below costs simply cannot be squared with the statutory criteria of Section 254, nor with the requirement, in Section 201, that access charges be just and reasonable.

Two other carriers addressed USF-related issues in their petitions for reconsideration. AT&T (which filed a combined petition for reconsideration in this docket and CC Docket No. 96-45), urges that USF payments be recovered through a competitively neutral end-user surcharge. Sprint supports AT&T in this regard, but will address AT&T's proposal separately in CC Docket No. 96-45.

USTA argues that there will be unrecovered intrastate loop costs resulting from the elimination of existing USF funding and suggests a five year recovery period. The issue raised by USTA is quite similar to the issue raised by Sprint in its own petition for reconsideration in CC Docket No. 96-45, and Sprint respectfully refers the Commission to that petition.

Finally, Sprint opposes the petitions of the Rural Telephone Coalition and the Rural Telephone Companies, to the extent that they argue that access charges should be applied to network elements. The Commission thoroughly addressed this issue in ¶¶337-340 of its Order, and its reasons for not allowing LECs to impose access charges on unbundled network elements are sound.

Respectfully submitted,

SPRINT CORPORATION

A handwritten signature in dark ink, appearing to read "Richard Juhnke", is written over the printed name of Leon M. Kestenbaum.

Leon M. Kestenbaum

Jay C. Keithley

H. Richard Juhnke

1850 M Street, N.W., 11th Floor

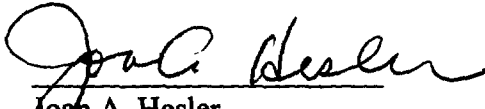
Washington, D.C. 20036

(202) 857-1030

August 18, 1997

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **SPRINT OPPOSITION TO AND COMMENTS ON PETITIONS FOR RECONSIDERATION** was Hand Delivered or sent by United States first-class mail, postage prepaid, on this the 15th day of August, 1997 to the below-listed parties:


Joan A. Hesler

Regina Keeney, Chief
Common Carrier Bureau
Federal Communications Comm.
1919 M Street, N.W., Room 500
Washington, D.C. 20554

Competitive Pricing Division
Common Carrier Bureau
Federal Communications Comm.
1919 M Street, N.W., Room 518
Washington, D.C. 20554

Mary McDermott
Linda Kent
Keith Townsend
Hance Haney
USTA
1401 H Street, N.W., Suite 600
Washington, D.C. 20005

Catherine R. Sloan
Richard Fruchterman, III
Richard S. Whitt
WorldCom, Inc.
1120 Connecticut Ave., N.W.
Washington, D.C. 20036

Peter A. Rohrbach
David L. Sieradzki
Hogan & Hartson
555 13th Street, N.W.
Washington, D.C. 20004

Genevieve Morelli
General Counsel
CompTel
1900 M Street, N.W., Suite 800
Washington, D.C. 20036

Robert J. Aamoth
Steven A. Augustino
Kelley Drye & Warren, LLP
1200 19th Street, N.W.
Washington, D.C. 20036

Andrew Lipman
Dana Frix
Swidler & Berlin
3000 K Street, N.W.
Washington, D.C. 20007

Michael Shortley, III
Frontier Corporation
180 South Clinton Avenue
Rochester, NY 14646

Jack D. Kelley
KLP, Inc. d/b/a Call America
1201 So. Alma School Road
Suite 2000
Mesa, AZ 85210

Toby-Lynn Voss
Yavapai Telephone Exchange, Inc.
d/b/a YTE Communications
2001 W. Camelback Road, Suite 450
Phoenix, AZ 85015

Russell Blau
Tamar E. Haverty
Swidler & Berlin
3000 K Street, N.W.
Washington, D.C. 20007

Bryan Rachlin
General Counsel
Telco Communications Group, Inc.
4219 Lafayette Center Drive
Chantilly, VA 20151

Charles C. Hunter
Catherine M. Hannan
Hunter Communications Law Group
1620 I Street, N.W.
Suite 701
Washington, D.C. 20006

Kenneth F. Melley, Jr.
VP of Regulatory Affairs
U.S. Long Distance, Inc.
9311 San Pedro, Suite 100
San Antonio, TX 78216

Richard Askoff
NECA
100 South Jefferson Road
Whippany, NJ 07981

Joe D. Edge
Richard J. Arsenault
Tina M. Pidgeon
Drinker Biddle & Reath
901 15th Street, N.W.
Suite 900
Washington, D.C. 20005

Margot Smiley Humphrey
Koteen & Naftalin, LLP
1150 Connecticut Ave., N.W.
Suite 1000
Washington, D.C. 20036

David Cosson
L. Marie Guillory
2626 Pennsylvania Ave., N.W.
Washington, D.C. 20037

Lisa M. Zaina
Stuart E. Polikoff
21 Dupont Circle, N.W.
Suite 700
Washington, D.C. 20036

James U. Troup
Steven J. Hamrick
Arter & Hadden
Rural Telephone Companies
1801 K Street, N.W., Suite 400K
Washington, D.C. 20006

J. Manning Lee
Teleport Communications Group
Two Teleport Drive
Staten Island, NY 10311

Cynthia Miller
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Randolph J. May
Sutherland, Asbill & Brennan
1275 Pennsylvania Ave., N.W.
Washington, D.C. 20004

Garrett G. Mayer
Chief, Regulatory Affairs
County of Los Angeles
9150 East Imperial Blvd.
Downey, CA 90242

Brian R. Moir
Moir & Hardman
2000 L Street, N.W.
Suite 512
Washington, D.C. 20036

James S. Blaszak
Laura F.H. McDonald
Levine, Blaszak, Block & Boothby
1300 Connecticut Avenue, N.W.
Suite 500
Washington, D.C. 20036

Charles H. Helein
Robert M. McDowell
Harisha J. Biastiamplillai
Helein & Associates, P.C.
8180 Greensboro Drive
Suite 700
McLean, VA 22102